

## ECONOMIC IMPACTS OF THE MILITARY BASES IN WASHINGTON

July 2004

## Fairchild AFB in Spokane County

*Prepared by: Dr. Paul Sommers*

Spokane County is home to Fairchild Air Force Base, housing a fleet of tanker aircraft, and supporting airlift missions of the Air Force. The base also houses a survival school, search and rescue services, and Washington Air National Guard units. About 9 percent of all economic activity in Spokane County is directly and indirectly linked to the personnel and procurements at Fairchild AFB.

### Direct Impacts

The direct impacts of this base include employment, payrolls, retiree pension, payments to private health care providers, and purchases of goods and services from local vendors. These impacts are shown in Table 1. On base employment of 6,262 constitutes about 3 percent of total employment in Spokane County. The annual payroll earned by these civilian and military workers is \$293 million, 4.5 percent of countywide labor earnings. The Air Force contracts for health care services for its personnel, employees, retirees, and their direct family members living in the area. Contracts for health care services amount to \$30.9 million annually. Military retiree pensions are administered through the bases, and many retirees live in counties near the base administering their pension so that they can take advantage of on-base services such as overseas travel or access to commissaries. Pensions administered at Fairchild AFB sum to \$145.1 million annually. Contracts let by the base for a variety of goods, services, and on-base construction total \$18.6 million. Active duty personnel, military retirees, and their spouses and dependents are eligible to use the on-base retail facilities provided by commissaries and base exchanges. Spending at these facilities does not impact the state economy in any way unless the goods are provided by in-state vendors (captured in the contracts data). Therefore, the payroll and pension amounts are reduced by the \$25.3 million spent at the commissary/base exchange at Fairchild AFB to calculate net direct impact as shown in Table 1. This net direct impact sums to \$462.3 million.

### 1 – Direct Impacts of Major Military Bases in Spokane County, 2003

Employment, uniformed and civilian	6,262
Payroll	\$293 million
Military retiree pensions	\$145.1 million
TriCare payments to private providers	\$30.9 million
Contracts for goods and services	\$18.582 million
On-base retail spending	\$25.3 million
Net direct impact*	\$462.3 million

\* Reduced by on-base retail spending

In addition, the federal government compensates school districts for schooling the dependents of federal employees including service personnel. School districts in Spokane County receive \$2.15 million annually in impact aid for schooling of the dependents of military personnel.

### Multiplier Impacts

When military related payrolls get spent within the county or state, and when the base lets contracts to businesses in the county or state, these expenditures have multiplier or indirect impacts that generate additional economic activity. These multiplier impacts are estimated using a new input-output model just released by the Office of Financial Management, resulting in total impact estimates (the sum of direct impacts and the multiplier impact). Fairchild AFB directly and indirectly account for 12,850 jobs in Spokane County and nearly 13,800 statewide. The total impacts in terms of labor earnings sum to \$570 million within Spokane County (about 8.9 percent of wage disbursements in this county) and nearly \$585 million statewide.

### 2 – Total Impacts of the Major Bases in Spokane County

Employment in Spokane County	12,851
Statewide employment	13,797
Labor earnings in Spokane County	\$570 million
Statewide labor earnings	\$585 million